

# Michigan

## Income Tax e-file and 2-D Barcode Handbook 2002



***MIfastfile.org***

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## INTRODUCTION

The Michigan Department of Treasury has joined with the Internal Revenue Service (IRS) to provide for electronic filing (e-file) of income tax returns. The Fed/State e-file Program enables taxpayers to electronically file both federal and state returns through their tax preparers as part of the program's effort to provide "one stop shopping" for tax preparation and filing. New for tax year 2002, the State-Only e-file Program enables taxpayers to electronically file their Michigan return separately from the federal return. Beginning January 10, 2003 the Michigan Department of Treasury will accept electronically transmitted Individual Income Tax refund, balance due or zero returns from all preparers and transmitters who have been accepted in the Fed/State e-file Program.

New

The Michigan Department of Treasury requires that participants first be accepted into the federal e-file program in order to participate in the Michigan program. Participants must also apply for acceptance into Michigan's e-file program as specified in this publication. See Chapter 3 for the application process.

The Michigan e-file Income Tax Handbook 2002 (*Michigan Handbook*) follows the same format as IRS Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns (referred to as *Publication 1345*). The *Michigan Handbook* sets forth those items that are unique to Michigan.

The *Michigan Handbook* should be used in conjunction with *Publication 1345*. Michigan will conform to all requirements, rules, and regulations governing tax preparers set forth by the IRS.

## HIGHLIGHTS AND IMPORTANT INFORMATION FOR TAX YEAR 2002

- State-Only e-file is here! See Chapter 2 for more information on this program.

New

1-14-03

- The income tax rate for tax year 2002 is 4.1%.

- The personal exemption allowance increases from \$2,900 to \$3,000.

New

- The pension exemptions for 2002 are \$37,110 for a single return and \$74,220 for a joint return.

- The dividend, interest, and capital gain exemptions are \$8,273 for a single and \$16,545 for a joint return.

- The special exemption allowance remains at \$1,900.

- Taxpayers filing one occurrence of form MI-1040H SCHEDULE OF APPORTIONMENT may participate in e-file.

- Schedule W Michigan Withholding Tax Schedule is new for tax year 2002. However, since Michigan already receives this information as part of the e-file data no changes are required to accommodate this form. The software will need to print Schedule W for those taxpayers who choose to file a paper return.

New

- Michigan will accept e-file returns for deceased taxpayers. If a federal 1310 is required, that data must be included with the Michigan e-file return.

- Payments for tax due e-file and TeleFile returns only must be submitted with form MI-1040-V MICHIGAN E-FILE AND TELEFILE PAYMENT VOUCHER. Payment is due by April 15, 2003. Do not use form MI-1040-V to make any other payments to the State of Michigan.

- Michigan **does not** participate in an **electronic funds withdrawal** process for tax due returns. All e-file payments must be mailed to Treasury along with a copy of form MI-1040-V. **Do not** include a copy of the tax return with the MI-1040-V.

- The acknowledgment for some electronic returns will include status “C” for conditionally accepted. Returns with an acknowledgment status “C” may be delayed in processing. Preparers will not receive subsequent acknowledgments for a conditionally accepted return. A Fed/State Michigan return is only acknowledged once. See Chapter 6 for an explanation of the acknowledgment status codes.

- The Michigan e-file signature process is as follows:

**For Fed/State Returns:**

New

- Michigan will accept the federal signature (federal 8453 or PIN).
- If the taxpayer chooses to complete the MI-8453, Treasury recommends that the preparer retain it for six years.

**For State-Only Returns:**

- For Michigan State-Only filings that include the MI-1040, the IRS must have already accepted the federal e-file return and the federal data must be included in Michigan's unformatted record when transmitting the State-Only return. Michigan will accept the federal signature (federal 8453 or PIN).

**Note:** A software developer's participation in the Michigan e-file program indicates their agreement to abide by the above requirement.

- For Michigan State-Only filings that **do not** include the MI-1040 (filings containing a MI-1040CR, MI-1040CR-2 or MI-1040CR-7), the Electronic Signature Alternative or paper MI-8453 must be used. If the MI-8453 is used, it must be mailed to Treasury.

**For MI-8453:**

- If required to mail the MI-8453 to Treasury, it must be mailed the next working day after receiving an acknowledgment from Michigan that the e-file return has been accepted.

**For Electronic Signature Alternative:**

- State-Only returns that are filed without a MI-1040 may be signed electronically using "shared secrets" consisting of the Social Security number(s), previous year's adjusted gross income (AGI) or household income (HHI), and the previous year's tax due or refund amount. If the return rejects because the shared secrets do not validate, the taxpayer/preparer may correct the shared secrets information and retransmit. There is no limit on how many times a State-Only return can be retransmitted in this circumstance. If the Electronic Signature Alternative is not used, the taxpayer should complete and mail the MI-8453 instead.

- **Renaissance Zones** exist in certain areas of a township, city or county. However, there is no zone that includes an entire township, city or county. Visit the Michigan Economic Development Corporation's Web site at <http://medc.michigan.org> for more information on Renaissance Zones. You may also contact the local authority to determine if the taxpayer is eligible for the Renaissance Zone subtraction.
- Taxpayers who are blind and rent their homestead must claim their property tax credit on form MI-1040CR as a totally and permanently disabled person. They are not eligible to claim their credit on form MI-1040CR-2.
- **Prescription Drug Credit.** Public Act 499 (Senate Bill 1278), the Elder Prescription Insurance Coverage Act (EPIC), repeals the Prescription Drug Credit effective December 31, 2001. The EPIC program has been instituted to help defray the cost incurred by elderly Michigan residents to obtain medically necessary prescription drugs. The EPIC program is administered by the Department of Community Health. For more information regarding this program, call 1-866-747-5844 or visit the EPIC Web site at [www.miepic.com](http://www.miepic.com).
- Michigan continues to collect "remote sales" or use tax on the MI-1040 MICHIGAN INCOME TAX RETURN (line 28). Michigan is seeking compliance of this law for two key reasons: ensuring fair competition for Michigan-based companies, and protecting the long-term funding base for Michigan's K-12 education system.
- For two-dimensional (2-D) barcoding, we must have the original return, rather than a photocopy. Your clients should keep the photocopy and mail the original to Treasury. It may be helpful to mark "COPY" on your client's copy to eliminate any confusion. For those clients who e-file, this will reduce the number of duplicate returns we receive where the taxpayer's return was e-filed and then later mailed in with a barcode.
- For 2-D barcoding, when making a correction to the return please be sure to reprint the corrected page and the page with the barcode. If the barcode page is not reprinted the corrected information will not be included in the barcode.
- For 2-D barcoding, the pre-printed peel-off mailing label is not required. Using the label could interfere with the barcode scanning.
- Please make sure your printer has adequate toner or ink to produce a clean, readable barcode image.



## **2-D Barcodes**

For the third year, the Michigan Department of Treasury will accept 2-D barcodes on the MI-1040 INCOME TAX RETURN and the MI-1040CR-7 HOME HEATING CREDIT CLAIM for tax year 2002. All of the information on the tax return is contained in a single 2-D barcode.

Benefits include:

- Increased accuracy of data capture - barcode scanning is 100% accurate; data entry errors are eliminated.
- Quicker access to taxpayer data - this is especially important for Treasury's phone staff who can immediately respond to tax preparer and taxpayer questions.
- Fewer calculation errors - your software does the computations.
- Reduced processing - saving Michigan taxpayer dollars.

Check with your software company to see if it will provide 2-D barcodes on Michigan returns. The barcode, which contains the return data, is produced in the upper-right corner of the form when the software prints the document. If the software does not print a 2-D barcode, the space allotted for the barcode will be left blank.

## **2-D Barcode Content**

The 2-D barcode on the MI-1040 will include information from the following forms, if they are a part of the taxpayer's return:

- MI-1040                      MICHIGAN INCOME TAX RETURN
- SCHEDULE 1                ADDITIONS TO AND SUBTRACTIONS FROM INCOME
- SCHEDULE NR              NONRESIDENT AND PART-YEAR RESIDENT SCHEDULE
- MI-1040CR-5                FARMLAND PRESERVATION TAX CREDIT CLAIM
- MI-1040CR                 HOMESTEAD PROPERTY TAX CREDIT CLAIM, or

- MI-1040CR-2      HOMESTEAD PROPERTY TAX CREDIT CLAIM  
FOR VETERANS AND BLIND PEOPLE

**Note:** Either MI-1040CR or MI-1040CR-2 may be filed, but not both.

- SCHEDULE CT    COLLEGE TUITION AND FEES CREDIT
- MI-8839            QUALIFIED ADOPTION EXPENSES
- MI-2210            UNDERPAYMENT OF ESTIMATED INCOME  
TAX
- W-2 Form(s)
- 1099 Form(s)

The 2-D barcode on the MI-1040CR-7 will include information from the CR-7 and the 3174, if they are a part of the taxpayer's filing.

When the following forms are included in a filing, a 2-D barcode can be produced on the MI-1040, even though data from these forms is not included in the barcode.

- MI-1040D            ADJUSTMENTS OF CAPITAL GAINS AND  
LOSSES
- MI-1045            APPLICATION FOR NET OPERATING LOSS  
REFUND
- 3581                HISTORIC PRESERVATION TAX CREDIT
- 4                    APPLICATION FOR EXTENSION FOR TIME  
TO FILE MICHIGAN INCOME TAX RETURNS

### **Mailing Addresses**

All **computer-generated** MI-1040 and MI-1040CR-7 forms (with or without a barcode) should be mailed to the following addresses:

#### **MI-1040**

For refund, credit or zero returns, mail the return to:

Michigan Department of Treasury  
P.O. Box 30726  
Lansing, MI 48909-8226

To pay tax due, mail the return to:

Michigan Department of Treasury  
P.O. Box 30727  
Lansing, MI 48909-8227

**MI-1040CR-7**

Mail the MI-1040-CR7 Home Heating Credit claim to:

Michigan Department of Treasury  
P.O. Box 30726  
Lansing, MI 48909-8226

<p><b>CHAPTER 1</b> <b>KEY DATES AND</b> <b>REFERENCE INFORMATION</b></p>
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**Michigan Electronic Filing Calendar**

For Tax Period January 1, 2002 to December 31, 2002.

**Note:** These dates are subject to change.

Deadline for Submitting MI-8633 Application	None
Deadline for Submitting Initial PATS File (Software Developers Only)	October 9, 2003
Electronic Return Acceptance Period	Identical to the IRS
Begin Federal and State Software Testing*	November 2003
Begin Transmitting Returns to the IRS and Michigan Department of Treasury	January 10, 2003
MI-1040-V Payments Due	April 15, 2003
Last Date to File MI-1040CR-7	September 30, 2003
Last Date to Transmit Michigan Returns Electronically	October 15, 2003

**\*State testing for software developers will begin after developers have been accepted by the Internal Revenue Service.**

## **State Program Data**

### **State Contacts**

Program Area, PATS Testing,  
File Specifications, Record  
Layout, and e-file information

Annette L. Olivier-Wolfe  
(517) 636-4450  
(517) 636-4444 (Fax)  
*MIefile2D@michigan.gov*  
*www.MIfastfile.org*

New
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### **Acknowledgment System**

StAck (State Acknowledgment  
Service)  
235 East Palmer Street  
Franklin, NC 28734-3089

(828) 349-5750  
(828) 349-5745 (Fax)  
*sysadmin@state-ack.net*  
*www.state-ack.net*

### **State PATS Testing**

State PATS Testing Required  
State Test Returns  
Number of Scenarios  
Electronic Record Specifications:  
    Unformatted Record Used  
    State Forms Included in Program

Software developers only  
Based on federal scenarios  
12  
  
Yes  
MI-1040  
Schedule 1  
Schedule NR  
MI-1040CR  
MI-1040CR-2  
Schedule CT  
MI-1040H  
MI-8839  
MI-2210  
3174 Direct Deposit  
MI-1040CR-7

Federal Forms and Schedules Required  
State Standards Adopted:  
    Name Standard  
    Address Standard  
    Acknowledgment Record

All  
  
Yes  
Yes  
58-byte length

## State Program Description

Type of e-file Program	Fed/State and State-Only
Number of State Taxpayers	4.9 Million
Number of Fed/State e-file Returns, 2001	1,339,814
E-File Refund Timeframe	7 days
Paper Refund Timeframe	Up to 8 weeks
Average State Refund, 2001	\$359.23
Direct Deposit	Yes
Electronic Funds Withdrawal	No
Balance Due Returns	Yes
Signature Process	No - Fed/State Yes - State-Only

## Publications

The following publications describe the Fed/State e-file process.

### Internal Revenue Service Publications and Forms

*Publication 1345 - Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns*

*Publication 1345A - Filing Season Supplement for Electronic Return Originators (Tax Year 2001)*

*Publication 1346 - Electronic Return Specifications and Record Layout for Individual Income Tax Returns*

*Publication 1436 - Test Package for Electronic Filing of Individual Income Tax Returns*

*Publication 1545 - The Electronic Filing Logo Guidelines for Effective Use*

*Form 8633 - Application to Participate in the IRS e-file Program*

*Form 8453 - U.S. Individual Income Tax Declaration for an IRS e-file Return*

*Form 9325 - Acknowledgment and General Information for Taxpayers Who File Returns Electronically*

*Form 1040-V - Payment Voucher*

Handbooks and specifications for the IRS and Michigan are available at [www.irs.gov](http://www.irs.gov).

## Michigan Department of Treasury Publications and Forms

*Publication 3015 - Michigan e-file Income Tax Handbook*

*Publication 2538 - e-file and 2-D Barcode Software Developer Guide, Michigan Income Tax for 2002*

*Publication 2842 - Michigan e-file Test Package*

*Form MI-8633 - Application to Participate in the Michigan e-file Program (see Chapter 3)*

*Form MI-8453 - Michigan Individual Income Tax Declaration for Electronic Filing (see Chapter 8)*

*Form MI-1040-V - Michigan e-file and TeleFile Payment Voucher (see Chapter 9)*

*Form 3174 - Direct Deposit of Refund (see Chapter 6)*

For more information on the Michigan e-file program, visit Treasury's Web site at: [www.MIfastfile.org](http://www.MIfastfile.org).

### **Important Addresses and Telephone Numbers**

Michigan e-file publications and forms are available on Treasury's Web site at [www.MIfastfile.org](http://www.MIfastfile.org). If you have questions about the e-file program, you may contact:

1-14-03

Annette L. Olivier-Wolfe  
Alternative Filing Coordinator  
Michigan Department of Treasury  
Lansing, Michigan 48922  
Deaf, hearing or speech-impaired

[Mlfile2D@michigan.gov](mailto:Mlfile2D@michigan.gov)  
**(517) 636-4450**  
(517) 636 4444 (Fax)  
(517) 636-4999 (TTY only)  
[www.MIfastfile.org](http://www.MIfastfile.org)

This contact information is for **tax preparers and software developers only** and enables Department of Treasury to provide better services to authorized e-file providers. Staff is available Monday through Friday, 8 a.m. to 5 p.m. EST, except state holidays. When leaving a phone message, give as much detail as possible so that Treasury staff can research the question(s) and have the answer ready when they call back. Speak clearly and spell any difficult names. **Please do not give this information to taxpayers.**

**Return status inquiries** should be directed to Treasury's automated return status line (1-800-827-4000) which is available 24 hours a day, seven days a week. This will ensure that the Alternative Filing staff are able to devote their time to program issues. The primary filer's Social Security number and adjusted gross income or household income is needed to get refund information on the Computerized Return Information System (CRIS). Please allow at least two weeks from the date of acknowledgment before calling this number.

New

The Tax Practitioner Hotline is available to assist tax preparers only with technical questions and specific account problems. Practitioners using the hotline will be prompted to leave their client's account number/Social Security number and brief description of the problem. Do not call this number to check on the status of a refund. Return calls will not be made to messages left by taxpayers. **Please do not give this telephone number to taxpayers.**

New

When sending an e-mail, include one of the following in the subject line to expedite routing and responding to your inquiry in a timely manner:

- **General**

For general information about the alternative filing programs.

- **IIT e-file Application**

For inquiries about the individual income tax application process and updates to current application information.

Please provide **taxpayers** with the following phone numbers if they need to contact

Treasury:

- Income Tax Return Status 1-800-827-4000
- Deaf, hearing or speech-impaired (517) 636-4999 (TTY)

To request copies of IRS publications contact:

Forms Distribution Center  
P.O. Box 9903  
Bloomington, IL 61799

To request copies of IRS publications or ask questions, contact the IRS Coordinator:

Michigan IRS - Detroit (313) 628-3700  
477 Michigan Avenue  
Room 2404, Stop 52  
Detroit, MI 48226-2597



To establish a State Mailbox Acknowledgment Identification, contact:

StAck (State Acknowledgment  
Service)

235 East Palmer Street  
Franklin, NC 28734-3089

(828) 349-5750

(828) 349-5745 (Fax)

*sysadmin@state-ack.net*

*www.state-ack.net*

## CHAPTER 2

### **FED/STATE OR STATE-ONLY ELECTRONIC FILING**

#### **How Fed/State Electronic Filing Works**

Tax preparers and transmitters accepted in the IRS e-file program may participate in the Fed/State e-file Program and file both the federal and state returns together in one transmission to the IRS Service Center. The IRS will acknowledge acceptance of the federal return and receipt of state data. The IRS acknowledgment record will indicate if a state return has been submitted. The state data will then be made available for retrieval by the Michigan Department of Treasury. After the data is retrieved, it will be acknowledged and processed by Michigan.

#### **How State-Only Electronic Filing Works**

1/14/03

Tax preparers and transmitters accepted in the IRS e-file program may participate in the State-Only e-file Program. **The tax preparer will have to indicate in their software that it is a State-Only filing.** The IRS will validate the primary and secondary Social Security numbers against the names and issue an acknowledgment. If the return passes validation, the state data will be made available for retrieval by the Michigan Department of Treasury. After the data is retrieved, it will be acknowledged and processed by Michigan.

New

Treasury will acknowledge receipt of all returns retrieved from the IRS using the StAck bulletin board system. The transmitter should receive the Michigan acknowledgment within three days from the time the return is transmitted. The mailbox acknowledgment identification information must be entered correctly in the software in order to receive acknowledgments. Michigan cannot post acknowledgments into unidentified mailboxes.

The taxpayer can expect to have a refund check mailed or direct deposited within 7 days from the date of transmission, provided there are no processing errors or third-party debts owed by the taxpayer. All returns, whether e-filed or paper filed, are subject to Michigan audit, and can be delayed regardless of the acknowledgment code received. Returns are processed and refunds are issued daily.

Taxpayers who e-file or TeleFile returns with tax due are responsible for submitting payment of the balance due on form MI-1040-V MICHIGAN E-FILE AND TELEFILE PAYMENT VOUCHER by April 15, 2003.

**Who May Participate**

E-filing of Michigan returns is available to all electronic filers who have been accepted into the federal e-file program and who transmit returns to an IRS Service Center. See Chapter 3 of this handbook for information on the application process.

### CHAPTER 3 APPLICATION PROCESS

To participate in the Fed/State and State-Only e-file Programs, applicants must first apply to the IRS by submitting form 8633 APPLICATION TO PARTICIPATE IN THE IRS E-FILE PROGRAM and be accepted. Form 8633 is available from the IRS coordinator at (313) 628-3700, or on the IRS Web site at [www.irs.gov](http://www.irs.gov).

*Publications 1345 and 1345A* specify the application process and requirements for federal participation. The definitions used by the IRS of the various categories of electronic filers, electronic return originators (EROs), transmitters or software developers also apply for Michigan e-filing purposes.

Upon receipt of completed form 8633 the IRS Service Center assigns an Electronic Filer Identification Number (EFIN) and, if applicable, an Electronic Transmitter Identification Number (ETIN) to the applicant.

After receiving the federal acceptance information, applicants must complete and submit Michigan's application, form MI-8633. See Appendix for sample form MI-8633 APPLICATION TO PARTICIPATE IN THE MICHIGAN E-FILE PROGRAM. There is no deadline to apply for the Michigan program. The name of the software package selected and the acknowledgment mailbox identification should be included on the application.

MI-8633 is available:

- At Treasury's Web site                      [www.MIfastfile.org](http://www.MIfastfile.org)
- By telephone                                      (517) 636-4450  
Deaf, hearing- or speech-  
impaired persons telephone              (517) 636-4999 (TTY only)
- From    Alternative Filing Programs  
Michigan Department of Treasury  
P.O. Box 30058  
Lansing, MI 48909

**Continuing participants** who have been previously accepted by Michigan do not need to resubmit form MI-8633 unless there is a change in the information on file. Previous participants may telephone, e-mail, or fax updated information to the Alternative Filing Office.

**Failure to apply** to Michigan after federal acceptance may preclude transmitters and preparers from filing electronically with Michigan.

## **CHAPTER 4**

### **ACCEPTANCE PROCESS**

**New**

Upon receipt of completed form MI-8633, the Michigan Department of Treasury may conduct a suitability check on applicants who have been accepted in the Fed/State e-file program. Applications are processed within 1-2 business days. Once processing is complete, the applicant is authorized to e-file returns with Treasury. A letter indicating whether or not the applicant is eligible to participate and a handbook (when appropriate) will be mailed within 1-2 weeks. Participation in the program may be denied if a company is not registered to conduct business in Michigan, or if there is an outstanding tax liability with Michigan.

The Michigan Department of Treasury will use the e-file Identification Number (EFIN) assigned by the IRS. Michigan does not assign any additional identification numbers. The IRS-assigned EFIN must be included on the MI-8633 application, and when corresponding with the Michigan Alternative Filing Office by e-mail, fax, or other means.

To participate in the Fed/State and State-Only e-file programs, electronic filers must use software that has successfully completed the IRS and Michigan Participant Acceptance Testing System (PATs). Confirm that the software chosen has been approved for Michigan and that the Michigan e-file program is operational before transmitting returns.

If after acceptance, a preparer/transmitter or software company has production problems, Treasury reserves the right to disapprove that preparer/software company for part or all of the remainder of the filing season.

## **CHAPTER 5**

### ***MICHIGAN PORTION OF THE ELECTRONIC RETURN***

The Michigan portion of an electronic return consists of data transmitted electronically and the supporting paper documents. The paper documents contain information that cannot be transmitted electronically, such as the taxpayers' signatures.

#### **Electronic Michigan Returns**

The following forms and schedules may be e-filed:

- MI-1040                      MICHIGAN INCOME TAX RETURN –  
                                     **Required for all Fed/State e-file returns;  
                                     not required for State-Only e-file returns.**
- SCHEDULE 1              ADDITIONS TO AND SUBTRACTIONS FROM  
                                     INCOME
- SCHEDULE NR            NONRESIDENT AND PART-YEAR RESIDENT  
                                     SCHEDULE
- MI-1040CR                MICHIGAN HOMESTEAD PROPERTY TAX  
                                     CREDIT CLAIM
- MI-1040CR-2             MICHIGAN HOMESTEAD PROPERTY TAX  
                                     CREDIT CLAIM FOR VETERANS AND BLIND  
                                     PEOPLE
- MI-1040CR-7             MICHIGAN HOME HEATING CREDIT CLAIM
- SCHEDULE CT            MICHIGAN COLLEGE TUITION AND FEES  
                                     CREDIT
- 3174                        DIRECT DEPOSIT OF REFUND
- MI-1040H                 SCHEDULE OF APPORTIONMENT
- MI-2210                    UNDERPAYMENT OF ESTIMATED INCOME TAX
- MI-8839                    QUALIFIED ADOPTION EXPENSES
- W-2                        MICHIGAN WAGE AND TAX STATEMENT
- 1099 form(s)

New

New

- Federal forms and schedules.

### **Important Reminders for Michigan Return Preparation**

- For e-file, entries are not allowed on line 31 (Farmland Preservation Credit).
- Estimated tax payments must be included on MI-1040 line 34. Estimates for taxpayers with income of \$150,000 or more for joint or single filers (\$75,000 or more for married filing separate) must equal 90% of the current year's liability of 110% of the previous year's liability.
- For e-file, the codes for pension subtractions from box 7 of the 1099-R must be included in the federal record information. Distribution Code 1 (Early Distribution) is not an allowable subtraction on the Michigan return.
- For e-file, if the taxpayer has an obligation to file returns in multiple states and the other state does not participate in a joint fed/state e-file program, it is possible that the other state's return can be electronically filed alone, and the federal and Michigan returns would be e-filed together.
- Line 18 (Miscellaneous Subtractions) on the Schedule 1 must include a description of the subtraction. "Miscellaneous or Misc." is not acceptable. Include the federal schedule reference, such as "See U. S. Schedule R, line 19," if applicable.
- Line 7 (Homeowner's Taxable Value) on the MI-1040CR cannot be equal to or less than line 8 (Property Taxes Levied) on the MI-1040CR. Verify with the taxpayer the total taxable value and property taxes paid. Also verify that the appropriate school district code is used.
- Line 9 (Rent paid) on the MI-1040CR is equal to the monthly rent multiplied by 12, **not** the annual rent multiplied by 12.

- The Direct Deposit information for federal and state can be different. This is especially important if there is a Rapid Refund or Refund Anticipation Loan (RAL), and the Michigan refund should not go towards repayment of the loan. Make sure this information is correct for both federal and state refunds. Preparers may want to ask for proof of account from the taxpayer.

**Important!** The Michigan Department of Treasury cannot make any changes to Direct Deposit information after the return is transmitted.

- The student's Social Security number and school codes must be included on SCHEDULE CT.
- Michigan uses the property tax levied for the year of the claim, not the amount paid during the tax year. For example: use Summer and Winter 2001 taxes for the 2001 claim.

### **Safeguarding the e-file Program From Abuse and Fraud**

All authorized e-file providers must be diligent in recognizing and preventing fraud and abuse in the e-file program. Neither the IRS, Michigan nor the program participants benefit when fraud or allegations of abuse tarnish the integrity and reputation of the program. Providers with problems involving fraud and abuse may be suspended or expelled from participation in Michigan's e-file program, be assessed civil and preparer penalties, or be subject to legal action.

New

### **Nonelectronic Portion of Michigan Returns**

The non-electronic Michigan return consists of the following supporting documents:

- Copies of other state's returns for out-of-state credit. Copies should be retained in the taxpayer's records.
- Form MI-8453 MICHIGAN INDIVIDUAL INCOME TAX DECLARATION FOR ELECTRONIC FILING. See page 3 of this Handbook for more information on the Michigan e-file signature process.
- Form MI-1040-V MICHIGAN E-FILE AND TELEFILE PAYMENT VOUCHER. If tax is due on an e-file or TeleFile return, the taxpayer must submit payment by check or money order by April 15, 2003 with form MI-1040-V. If full payment is not submitted by April 15, the taxpayer will receive a bill with applicable penalty and interest. Do not use this form for any other payments to the State of Michigan.



### **Exclusions From e-file**

The taxpayer is not eligible for e-file for the 2002 tax year if:

- Filing returns or forms listed as excluded in *Publication 1345*
- Filing MI-1040 MICHIGAN INCOME TAX RETURN and any of the following apply:
  - Fiscal year filer
  - Prior year return(s)
  - Amended or corrected return(s)
  - Not required to file a U.S. 1040 if filing Fed/State

When the following forms are included, the return may not be e-filed:

- MI-1040CR-5      FARMLAND PRESERVATION TAX CREDIT CLAIM
- MI-1040EZ      MICHIGAN INCOME TAX EASY RETURN  
(Can be filed on form MI-1040)
- MI-1040D      ADJUSTMENT OF CAPITAL GAINS AND LOSSES
- MI-1040X      AMENDED MICHIGAN INCOME TAX RETURN
- 3581      MICHIGAN HISTORIC PRESERVATION CREDIT
- MI-4797      ADJUSTMENTS OF GAINS AND LOSSES FROM SALES OF BUSINESS PROPERTY

When the following forms are included, the MI-1040 **can** be e-filed, but the forms listed below must be mailed.

- MI-1045      APPLICATION FOR MICHIGAN NET OPERATING LOSS REFUND
- 4      APPLICATION FOR EXTENSION OF TIME TO FILE MICHIGAN TAX RETURNS

## **CHAPTER 6**

### ***DIRECT DEPOSIT***

Michigan taxpayers can elect to have their 2002 Michigan refunds directly deposited into their checking or savings account. When filing electronically, Direct Deposit is part of the electronic record.

Direct Deposit is:

- **Convenient**

The refund is deposited directly into the taxpayer's account at the financial institution of his or her choice.

- **Safe**

Refunds made by Direct Deposit are never lost or stolen.

- **Fast**

Direct Deposit gives taxpayers access to their refunds one to four days earlier than a paper check mailed to their address, and there is no waiting for the check to clear the bank.

- **Reliable**

Refunds are deposited electronically, even when taxpayers are on vacation or traveling on business.

- **Confidential**

On average, fewer people will see a taxpayer's account information with Direct Deposit than with paper checks.

The Michigan Department of Treasury will not honor Direct Deposit requests made by persons who owe individual or business taxes or have another state or federal debt that would result in their refunds being offset. This includes third-party debts such as child support, garnishments or levies.

Michigan is not responsible for the misapplication of a Direct Deposit that is caused by error, negligence, or malfeasance on the part of the taxpayer, ERO, transmitter, software developer, financial institution, or any of their agents.

The authorization for Direct Deposit is voluntary and must be renewed yearly.

An electronic filer who functions as an ERO must:

- Ensure the taxpayer is aware of the general information regarding a Direct Deposit.
- Not charge a separate fee for Direct Deposit.
- Accept a Direct Deposit election to the financial institution designated by the taxpayer.

**Note:** Some smaller financial institutions may not accept Direct Deposit payments. The taxpayer or ERO should contact the financial institution to verify its capability to accept Direct Deposit transfers.

- Ensure that a taxpayer electing Direct Deposit meets the eligibility requirements. The taxpayer must provide proof of account from the financial institution that the taxpayer designates to receive the Direct Deposit. This information is best obtained from official financial institution records, account cards, checks or share drafts that contain the taxpayer's name and address. The account must be in the taxpayer's name.

**Note:** Some financial institutions do not allow a joint refund to be deposited into an individual account. The ERO should check with the financial institution.

- Verify that the Direct Deposit information on the MI-8453 (or on forms MI-1040 or 3174 if a paper filing becomes necessary) is correct and is the information transmitted with the electronic portion of the return.
- Enter the number from left to right and leave unused boxes blank. Include hyphens but omit spaces and special symbols. The Routing Transit Number (RTN) is usually found between these symbols ☐: **and** ☐:. The sample check on the following page shows where the RTN and account number may appear.
- The RTN must be nine digits. If the first two digits are not **01** through **12** or **21** through **32**, the Direct Deposit will be rejected and a refund check will be sent to the address as filed on the return.

The diagram shows a check with the following fields:

- Top Left:** John Q. Taxpayer, 123 Main Street, Anytown, MI 49111
- Top Right:** 1800
- Middle Left:** ANYTOWN BANK, Anytown, MI 49111
- Bottom Left:** |: 270000065 | (RTN)
- Bottom Middle:** |: 300000\* 91 | (Your account number)
- Bottom Right:** 1800

Arrows point from the labels "RTN" and "Your account number" to their respective fields on the check.

*Note: The RTN and account number may appear in different places on your check*

- Ensure that the Direct Deposit of refund for Michigan is not deposited in a Refund Anticipation Loan account for the federal refund.

**Important!** Advise the taxpayer that once an electronic return has been accepted for processing by the State, the Direct Deposit election cannot be rescinded. The RTN of the financial institution or the taxpayer account number cannot be changed.

If form MI-1040CR-7 is filed it is important that box 4 (Are heating costs included in rent?) be clearly marked either Yes or No. Box 4 should be marked **Yes**, if:

- Heating costs are currently included in rent, or
- Heat service is in someone else's name.

When marked **Yes**, the taxpayer will receive a refund and may choose Direct Deposit instead of receiving a paper check.

If box 4 is marked **No**, a State of Michigan energy draft will be issued. Energy drafts must be redeemed at the taxpayer's utility company; therefore, Direct Deposit is not available.

### **Problems With Direct Deposit**

If Treasury is unable to honor a request for Direct Deposit, a refund check will be mailed to the taxpayer's address on the return. The following are some reasons for not honoring a Direct Deposit request:

- The taxpayer's bank account was closed after the Direct Deposit request was submitted.

- The taxpayer asked to have the refund deposited into a foreign bank or a foreign branch of a U.S. bank. The State of Michigan can only make Direct Deposits to accounts in U.S. financial institutions that are located in the United States.
- If the taxpayer or spouse owes a debt to the State of Michigan or to a third party that is requiring the State to retain all or part of the refund, Treasury must satisfy this debt before issuing the refund. Examples of third party debts Treasury must satisfy include child support arrearages and debts covered by a garnishment served against the refund or credit. If this situation occurs, the taxpayer will receive a letter stating the refund amount and to which debt it was applied. Depending upon the amount of the debt, there could be no remaining refund.
- The financial institution returns the Direct Deposit because an incorrect RTN or account number was entered on the electronic record.

**Important!** Taxpayers should review their monthly bank statements or contact their financial institutions for Direct Deposit verification. When attempting to locate a Direct Deposit, taxpayers should request that their financial institutions research savings, checking, or other accounts before contacting their tax preparers or the Michigan Department of Treasury.

## **CHAPTER 7**

### **TRANSMITTING THE MICHIGAN ELECTRONIC RETURN**

The ERO, preparer and/or electronic transmitter must follow all electronic transmitting procedures, communication requirements, and technical specifications required by the IRS as defined in *Publication 1345*, to transmit the state electronic return with or without the federal return.

#### **Where to Transmit Fed/State and State-Only Returns**

Participants must confirm with their software developers or direct transmitters that the software has been accepted for transmitting the state and federal returns jointly or State-Only returns to the IRS Service Center. Participants should also confirm that the Michigan e-file portion of the software program is operational before transmitting returns.

**Important!** The mailbox acknowledgment identification (assigned by StAck for some software products) must be included in the proper field locations in both the federal and state records when transmitting returns. If the mailbox acknowledgment identification is not included in the transmission, acknowledgment records can not be delivered to the transmitter.

#### **Rejection Codes Received From the IRS Service Centers**

For Fed/State e-file, the IRS will perform specific consistency checks for the state return that will compare data items in the state generic record to the same data items in the federal tax return. If the data items are not identical, both returns will be rejected. For State-Only e-file, the IRS will validate the primary and secondary Social Security numbers against the names. If the return does not pass validation, it will be rejected. Repeated rejections may cause the IRS to rescind the e-file privileges of an electronic transmitter. Please refer to IRS *Publications 1345* and *1345A* for IRS rejection and error code explanation.

**New**

If a federal return is rejected due to errors listed in *Publication 1345A*, the accompanying Michigan return will also be rejected. If the error is one that can be corrected, both return records may be retransmitted to the IRS.

Michigan tax due returns are considered timely filed if the federal and state returns are originally transmitted to the IRS by April 15, 2003. Payments must be postmarked no later than April 15, 2003.

## **Acknowledgment of Michigan Electronic Returns**

The Michigan acknowledgment informs transmitters that the Michigan return data has been received. The Michigan acknowledgment is separate from the federal acknowledgment.

**Do not assume that an acknowledgment from the IRS is a guarantee of receipt by Michigan.**

Michigan uses the state acknowledgment system operated by TaxNet Governmental Communications, called StAck. StAck (State Acknowledgment Service) provides state acknowledgments for most states participating in the Fed/State e-file Program. Each preparer who selects software that does not provide an acknowledgment mailbox in the software must contact StAck and establish an account for an electronic mailbox through which information can be downloaded to the transmitter's system. This service is available for a nominal annual fee. Please contact StAck for more information (*see page 9*).

Under normal processing conditions, the Michigan acknowledgment file is available to a transmitter within three working days of transmission. Transmitters who transmit for ERO's and preparers must notify taxpayers of the Michigan acknowledgment at the time of receipt.

All transmitters should receive a registration packet from StAck. If a transmitter has not received a registration packet by November 1, 2002, contact StAck at (828) 349-5750.

## **Format for Michigan Acknowledgments**

Michigan formats an acknowledgment record for each tax return transmitted. The record is 58 characters long and formatted as follows:

<b><u>Position Number</u></b>	<b><u>Description</u></b>	<b><u>Field Length</u></b>
1-4	Size of record	4
5-7	Transmitter mailbox ID	3
8-9	Space	2
10-11	State identification	2
12-22	Declaration Control Number	11
23-31	Taxpayer Social Security number	9
32-34	Julian date accepted	3
35	<b>Acceptance or rejection code</b>	1
36	Space	1
37-39	<b>Status code</b>	3
40-42	<b>Status code</b>	3
43-58	Return sequence number	16

New
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**ATTENTION TAX PREPARERS:** If you transmit through a third party, the record you receive should contain all fields. Contact your transmitter if you do not receive the entire record.

Michigan will perform checks for the state return during the acceptance process. All electronically filed returns are subject to Michigan audit and can be delayed regardless of the status code given. Acceptance and rejection codes are defined below.

A = Electronic return was **accepted**.

C = Michigan has **conditionally accepted** the electronic return, but it may require manual review which may cause delays in processing and issuance of the refund. This code will be displayed in position 35 followed by one or two three-character status codes. Treasury will not send further acknowledgements for conditionally accepted returns.

R = The return was **rejected** by Michigan. This code will be displayed in position 35 followed by one or two three-character status codes.

**If the Michigan return is rejected, it can be retransmitted as a State-Only return** or mailed as a paper return.

New

The signed MI-8453 may be filed with the paper return **for signature purposes only** if the taxpayer had not previously signed a copy of the paper return. The preparer should then attach the MI-8453 as the last sheet of paper and write on the MI-8453 “for signature only.”

If a taxpayer chooses Direct Deposit and the return is subsequently rejected, he or she must make sure the Direct Deposit information is entered on the MI-1040. Or, if requesting Direct Deposit for a home heating credit refund, complete form 3174 and submit it with the paper return. (*See Appendix for sample form 3174.*)

Treasury offers preparers the following options when Michigan returns are rejected, or if the preparer or transmitter encountered problems during transmission, and the Michigan return or a portion of the return was not transmitted with the federal.

- Michigan return can be retransmitted as a State-Only return.
- If the software does not allow for State-Only e-file, the preparer may fax the Michigan MI-1040 and accompanying attachments to:

(517) 636-4444

Please include a cover sheet with a brief explanation of the problem.



## **Michigan Rejection and Conditional Acceptance Status Codes**

Michigan's front-end validation will include the following rejection or conditional acceptance codes:

### **Rejection Code "R"**

<b><u>Status Code</u></b>	<b><u>Form</u></b>	<b><u>Field No.</u></b>	<b><u>Description</u></b>
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#### **Fed/State Reject Codes**

R-001	MI-1040	0003(.04)	Duplicate return - return already received for this Social Security number.
R-007	MI-1040	0020(.02)	Invalid EFIN.
R-008	MI-1040	0300(.01)	Invalid Mailbox Identification.
R-009	All forms	0300(.03)	Unauthorized Software Developer.
R-900	MI-1040		Incomplete MI-1040 return. No AGI, no taxable income, no withholding, no refund, or tax due.

#### **State-Only Reject Codes**

New

R-805	All forms	0305(.05)	MI-1040 not included. Value equals 1 but no MI-1040 exists.
R-810	All forms	0305(.05)	MI-1040 included. Value equals 0.
R-815	All forms	0320(.02) through 0320(.07)	Electronic signature alternative does not pass validation. Correct and retransmit or use the paper signature form MI-8453.
R-820	All forms	0320(.01)	Invalid signature type code.
R-825	MI-1040	0320 (.01)	0320(.01) value equals blank and field 0305(.05) equals 1.
R-875	MI-1040CR MI-1040CR-2 MI-1040CR-7	0305(.04) 0305(.05) 0320(.01)	State-Only Returns. 0320(.01) value equals M, field 0305(.04) equals blank and field 0305 (.05) equals zero (0) credit. Refund is expected and no MI-8453 received. Return cannot be processed until MI-8453 is received

New

New

and processed by Treasury.

**Fed/State and State-Only Conditional Acceptance Code “C”**

<b><u>Status Code</u></b>	<b><u>Form</u></b>	<b><u>Field No.</u></b>	<b><u>Description</u></b>
C-016	MI-1040	0315(.03) and 0615	MI-1040 married filing separately and taxpayer is claiming a property tax credit.
C-018	MI-1040CR	1225 and 1230	Household income is less than property taxes and/or rent paid.
C-035	MI-1040	0315(.04) 0315(.05) 0315(.06)	MI-1040 residency status is blank.
C-066	MI-1040CR	1225	Taxable Value is blank and property tax credit is claimed.
C-905	MI-1040CR	0305(.06)	CR code is greater than zero with no amount carried forward to line 30 of the MI-1040. All MI-1040CR's must furnish the following information: <ul style="list-style-type: none"><li>• Claimed property tax credit amount</li><li>• Amount of property taxes or rent paid</li><li>• Household income.</li></ul>
C-915	MI-1040CR	0305(.06) and 0615	CR code is equal to zero but a property tax credit is claimed (MI-1040, line 30).

**CHAPTER 8**  
**FORM MI-8453**  
**MICHIGAN INDIVIDUAL INCOME TAX**  
**DECLARATION FOR ELECTRONIC FILING**

For Fed/State and State-Only filings which include a MI-1040 the federal signature (PIN or 8453) is acceptable to Michigan. The IRS must have already **accepted** the federal e-file return and the federal data **must be included** with the Michigan return. Tax preparers may also choose to have their clients complete form MI-8453 MICHIGAN INDIVIDUAL INCOME TAX DECLARATION FOR ELECTRONIC FILING. If a MI-8453 is completed, Treasury recommends preparers keep the MI-8453 on file for six years. **DO NOT** mail the MI-8453 to Treasury. See Appendix for sample form MI-8453.

**New**

For State-Only filings which **do not** include a MI-1040 (MI-1040CR, MI-1040CR-2, MI-1040CR-7 filings), if the Electronic Signature Alternative is not used, the taxpayer must complete and mail the MI-8453 to Treasury the next business day after receipt of an acknowledgment from Michigan that the return was accepted for processing.

**IRS Declaration Control Number (DCN)**

Enter the federal DCN in the boxes at the top right corner of MI-8453. The DCN may be PC formatted or handwritten. The first six digits represent the EFIN number of the electronic return originator followed by 5 digits, which represent the document locator number. See example below:

00	-	999999	-	00001	-	3
		EFIN		document		process year
		(6 digits)		locator number (5 digits)		

**Declaration of Taxpayer**

After the return has been prepared and before the return is transmitted electronically, you may want the taxpayer (and spouse, if a joint return) to verify the information on the return and sign and date the MI-8453. The preparer or transmitter must provide the taxpayer with a copy of the form. Preparers and EROs are prohibited from allowing taxpayers to sign a blank MI-8453.

### **Assembly of Return Information**

Assemble the documents in the following order and retain them in the taxpayer's file or give to the taxpayer to retain:

- MI-1040                      INCOME TAX RETURN
- MI-1040                      SCHEDULE 1
- MI-1040                      SCHEDULE NR
- MI-1040CR or              HOMESTEAD PROPERTY TAX CREDIT CLAIMS  
  MI-1040CR-2
- SCHEDULE CT              COLLEGE TUITION AND FEES CREDIT
- MI-1040H                   SCHEDULE OF APPORTIONMENT
- MI-8839                    QUALIFIED ADOPTION EXPENSES
- MI-2210                    UNDERPAYMENT OF ESTIMATED INCOME TAX
- SCHEDULE W              WITHHOLDING TAX SCHEDULE
- Federal forms and schedules
- Copies of returns from other states verifying the credit claimed for taxes paid to another state
- MI-8453

If it becomes necessary to supply Treasury with a paper copy of the return and the supporting documents, it must be assembled as noted above.

### **Mailing Addresses**

If you need to mail a paper copy of the return to Treasury, all **computer-generated** MI-1040 and MI-1040CR-7 forms (with or without a barcode) should be mailed to the following addresses:

#### **MI-1040**

For refund, credit or zero returns, mail the return to:

Michigan Department of Treasury  
P.O. Box 30726  
Lansing, MI 48909-8226

To pay tax due, mail the return to:

Michigan Department of Treasury  
P.O. Box 30727  
Lansing, MI 48909-8227

**Note:** Do not include MI-1040-V when mailing a paper return and payment. MI-1040-V is to be used **only** for e-file and TeleFile payments.

### **MI-1040CR-7**

Mail the MI-1040-CR7 Home Heating Credit claim to:

Michigan Department of Treasury  
P.O. Box 30726  
Lansing, MI 48909-8226

### **Retention of Form MI-8453**

Fed/State Returns:

- Michigan will accept the federal signature (federal 8453 or PIN).

State-Only Returns:

- For Michigan State-Only filings that include the MI-1040, the IRS must have already accepted the federal e-file return and the federal data must be included in Michigan's unformatted record when transmitting the State-Only return. Michigan will accept the federal signature (federal 8453 or PIN).
- For Michigan State-Only filings that **do not** include the MI-1040 (filings containing a MI-1040CR, MI-1040CR-2 or MI-1040CR-7), the Electronic Signature Alternative or paper MI-8453 must be used. If the MI-8453 is used, it must be mailed to Treasury.

MI-8453:

- If required to mail to Treasury, the MI-8453 must be mailed the next working day after receiving an acknowledgment from Michigan that their e-file return has been accepted.

Follow the federal instructions for mailing the federal 8453.

### **Corrections to Form MI-8453**

If the preparer or transmitter makes changes to the electronic return after the taxpayer has signed the MI-8453 but before the data has been transmitted, the preparer or transmitter must have the taxpayer complete a corrected MI-8453 if the following conditions apply:

- Federal adjusted gross income differs from the amount on the electronic return by more than \$25.
- The Michigan refund changes by more than \$5.

Non-substantive changes are permissible on the MI-8453, provided the preparer or the person making the corrections initials the changes.

**CHAPTER 9**  
**FORM MI-1040-V**  
**MICHIGAN E-FILE AND**  
**TELEFILE PAYMENT VOUCHER**

Michigan will accept e-file returns with a balance due at any time during the e-file processing season.

Electronic filers must furnish form MI-1040-V to a taxpayer who e-files a return with a balance due. Instructions for completing and mailing form MI-1040-V are located on the form. See Appendix for sample form MI-1040-V.

Preparers must inform taxpayers that payment of taxes due should be made no later than April 15, 2003. **Prior to the due date, Treasury will send a reminder notice to all taxpayers that have not yet submitted payment. The reminder will include the amount due if paid on or before April 15, 2003.** If taxpayers do not make full payment of income tax on or before April 15, 2003, they will receive a bill. The bill will show tax due plus applicable penalty and interest.

New

**Important!** To ensure timely posting of payments, use form MI-1040-V **only** for e-file and TeleFile returns. Do not use form MI-1040-V to make other payments to the State of Michigan.



## **CHAPTER 10**

### **TAX ASSISTANCE**

The Michigan Department of Treasury provides taxpayers with information about their refunds or general tax topics. Taxpayers should confirm acknowledgment of their Michigan return with their preparer or transmitter before contacting Treasury.

The Michigan Department of Treasury will not give transmitters information about a tax return other than notification of receipt. Should an error occur on the Michigan return during mainframe processing, Treasury will communicate directly with the taxpayer through the Department's regular error resolution process. Treasury will, however, discuss return situations with the preparer if the appropriate authorization box on page 2 of the MI-1040 is checked.

#### **For Taxpayers**

##### **Telecommunications Device for the Deaf: (517) 636-4999 (TTY)**

Deaf, hearing- or speech-impaired persons may call this number for assistance.

Treasury is pleased to offer the following services available 24 hours a day, 7 days a week.

##### **Internet** (*[www.michigan.gov/treasury](http://www.michigan.gov/treasury)*)

Customers can now access the Department of Treasury Web site to: (1) check the date Treasury is currently processing returns, (2) check if/when your refund has been issued for the current year and three prior years, (3) ask Treasury a question, (4) check estimated payments, (5) request copies of returns filed, and (6) order copies of current and prior year tax forms. Visit Treasury's Web site at *[www.michigan.gov/treasury](http://www.michigan.gov/treasury)* (select "Individual" and "Self-Service") to access these service options.

##### **Return Information: 1-800-827-4000**

Taxpayers may call this number for automated return information. They must have the primary filer's Social Security number and adjusted gross income or household income. Allow at least two weeks from the date of the acknowledgment before calling this number.

## **CHAPTER 11**

### ***RESPONSIBILITIES OF ELECTRONIC FILERS, TRANSMITTERS AND ELECTRONIC RETURN ORIGINATORS***

Electronic filers, transmitters, and EROs must abide by the terms set forth in the *Michigan Handbook* and must maintain a high degree of integrity, compliance, and accuracy in order to continue to participate in the Fed/State and State-Only e-file programs.

#### **Compliance**

All electronic filers must comply with the requirements and specifications set forth in IRS *Publication 1345* and *1345A*, IRS *Publication 1346*, the *Michigan Handbook*, and the *e-file and 2-D Barcode Software Developer Guide, Michigan Income Tax for 2002*.

#### **Timeliness of Filing**

Transmitters must ensure that electronic returns are transmitted timely. The date of transmission to the IRS will be considered the filing date for a Michigan return, providing the return was accepted. If a rejected return is corrected and retransmitted within 2-3 days of the original transmission then the original transmission date is still considered the filing date. For the 2002 tax year, tax due returns will be considered timely filed if the original federal and Michigan returns have been transmitted on or before April 15, 2003.

Transmitters should confirm that Michigan has issued an acknowledgment of the state return before considering the state filing complete.

#### **Deadline for Filing**

The Michigan Department of Treasury will accept electronically filed Michigan returns originally submitted to the IRS by October 15, 2003. Preparers wishing to file Michigan returns after October 15, 2003 must file on paper.

#### **Preparers' Responsibility to Clients**

Preparers have been entrusted with the task of filing a client's tax return and must assume the responsibility of ensuring the return arrives at the Michigan Department of Treasury. In the event the e-filed state return fails to arrive or is rejected, preparers must notify their clients to file a paper return.

### **Changes on the Return**

If the transmitter or taxpayer wishes to make changes after the return has been accepted and acknowledged, the taxpayer must file a MI-1040X AMENDED MICHIGAN INDIVIDUAL INCOME TAX RETURN on paper.

### **Acknowledgment of the Michigan Return**

Direct transmitters are required to have access to the Michigan acknowledgment system through StAck (State Acknowledgment Service).

Once the Michigan Department of Treasury has acknowledged an electronic return, transmitters are required to notify their EROs of acceptance within five working days.

Transmitters and EROs must advise taxpayers to wait at least two weeks from the date of the acknowledgment before calling a Department representative.

Treasury will discuss any inquiries regarding a return with errors with the taxpayer or agent who has a power of attorney on file for the year in question.

## APPENDIX

**STATE OF MICHIGAN**  
**2002-2003 HOLIDAY SCHEDULE**

September 2, 2002	Labor Day
November 11, 2002	Veterans' Day
November 28-29, 2002	Thanksgiving
December 24-25, 2002	Christmas
December 31, 2002	New Year's Eve
January 1, 2003	New Year's Day
January 20, 2003	Martin Luther King Jr.'s Birthday Observed
February 17, 2003	Presidents' Day
May 26, 2003	Memorial Day
July 4, 2003	Independence Day
September 1, 2003	Labor Day
November 11, 2003	Veterans' Day
November 27-28, 2003	Thanksgiving
December 24-25, 2003	Christmas
December 31, 2003	New Year's Eve

## FORMS

Click here to view form [MI-8633](#) APPLICATION TO PARTICIPATE IN THE MICHIGAN E-FILE PROGRAM.

Click here to view form [MI-8453](#) MICHIGAN INDIVIDUAL INCOME TAX DECLARATION FOR ELECTRONIC FILING.

Click here to view form [MI-1040-V](#) MICHIGAN E-FILE AND TELEFILE PAYMENT VOUCHER.

Click here to view form [3174](#) DIRECT DEPOSIT OF REFUND.